

REGISTRAR'S COPY

Company Number 1477836

MALA INVESTMENTS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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MALA INVESTMENTS LIMITED

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COMPANY INFORMATION
as at 31 March 2011

Directors.

K Crane
P F Zumens

Secretary:

L Spong

Registered office

57 London Road
Enfield
Middlesex
EN2 6SW

Auditors.

Moore Stephens Enfield Limited
Chartered Accountants
57 London Road
Enfield
Middlesex
EN2 6SW

DIRECTORS' REPORT
for the year ended 31 March 2011

The directors present their report and the consolidated financial statements of the group for the year ended 31 March 2011

Results and Dividends

The profit and loss account of the group appears on page 7 and discloses a loss before taxation of £68,440 (2010 £110,883 profit). The loss after taxation and minority interests amounted to £48,229 (2010 £77,016 profit), the full amount being taken to reserves. No dividends were paid (2010 £nil) during the year.

Business Review and Future Developments

The company's principal activity continued to be that of a holding company. The company's subsidiaries continued to trade in the installation, sale or maintenance of commercial air conditioning, refrigeration and heating equipment or provide services complementary to these trades. The directors expect to continue with the group's principal activities for the current year.

Like our competitors, we have been affected by the sluggish UK economic recovery, with turnover falling by £3,149,928 to £7,352,130 although gross margins have improved. We managed to reduce our Distribution and Administrative Expenses by £133,482 which partly reduced the impact of the fall in turnover. Mainly as a result of the significant fall in turnover, the group made an operating loss of £68,440 compared to an operating profit of £110,812 in the previous year.

Our Shareholders' Funds decreased by £48,229 as a result of losses made by the group. Despite the reduced trade caused by the slow economic recovery, we are still a well capitalised group, with significant bank deposits at the year-end.

The economic climate is still uncertain and we remain cautious in our outlook.

The directors consider the following to be the principal risks and uncertainties facing the group:

- a very slow improvement in the UK economy
- increases in taxation and interest rates reducing customer spending on industrial and commercial construction projects
- market competition

Financial Instruments

The group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with trading on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

Land and Buildings

The directors consider the market value of land and buildings to exceed their book values.

DIRECTORS' REPORT (CONTINUED)
for the year ended 31 March 2011

Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare the financial statements for each financial year. Under that law, the directors had elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of affairs of the group and of the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

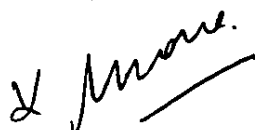
Provision of Information to Auditors

Each of the persons who are the directors at the time when this report is approved confirms that

(a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) each director has taken all steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and of the company's auditors for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the Board on **21 DEC 2011** and signed on its behalf



K Crane
Director

Independent Auditors' Report to the Members of Mala Investments Limited

We have audited the financial statements of Mala Investments Limited for the year ended 31 March 2011 which are set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

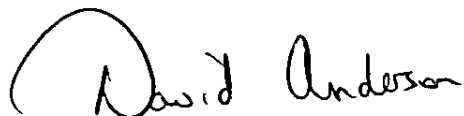
In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Members of Mala Investments Limited (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



David Anderson, Senior Statutory Auditor

For and on behalf of Moore Stephens Enfield Limited, Statutory Auditor

57 London Road
Enfield
Middlesex
EN2 6SW

23 December 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2011

	<u>Note</u>	<u>2011</u> £	<u>2010</u> £
Turnover	1,2	7,352,130	10,502,058
Cost of sales		<u>(5,725,248)</u>	<u>(8,555,876)</u>
Gross Profit		1,626,882	1,946,182
Distribution costs		(65,183)	(69,347)
Administrative expenses		(1,643,940)	(1,773,258)
Other operating income		<u>13,801</u>	<u>7,235</u>
Operating (Loss)/Profit	3	(68,440)	110,812
Interest receivable and similar income		-	71
Interest payable and similar charges		<u>-</u>	<u>-</u>
(Loss)/Profit on Ordinary Activities before Taxation		(68,440)	110,883
Taxation on (Loss)/Profit on Ordinary Activities	5	<u>11,531</u>	<u>(28,734)</u>
(Loss)/Profit on Ordinary Activities after Taxation		(56,909)	82,149
Minority Interests		<u>8,680</u>	<u>(5,133)</u>
Retained (Loss)/Profit for the Year	15	<u>(48,229)</u>	<u>77,016</u>

All of the above relates to continuing activities

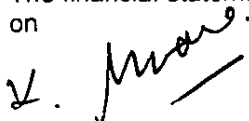
There were no recognised gains or losses during the year other than those disclosed in the profit and loss account. Accordingly, no Statement of Total Recognised Gains and Losses has been prepared

CONSOLIDATED BALANCE SHEET
 as at 31 March 2011

Company Number 1477836

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		£	£
Fixed Assets			
Tangible assets	8	67,294	81,172
Current Assets			
Stocks	10	133,423	87,129
Debtors	11	2,769,448	2,603,098
Cash at bank and in hand		1,812,687	1,918,248
		<u>4,715,558</u>	<u>4,608,475</u>
Creditors, amounts falling due within one year	12	<u>(2,251,295)</u>	<u>(2,101,181)</u>
Net Current Assets		2,464,263	2,507,294
Total Assets Less Current Liabilities		<u>2,531,557</u>	<u>2,588,466</u>
Capital and Reserves			
Called up share capital	13	118,541	118,541
Profit and loss account	14	2,313,800	2,362,029
Shareholders' Funds	15	2,432,341	2,480,570
Minority Interests		99,216	107,896
		<u>2,531,557</u>	<u>2,588,466</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



K Crane
Director

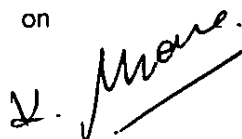
21 DEC 2011

COMPANY BALANCE SHEET
as at 31 March 2011

Company Number 1477836

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		£	£
Fixed Assets			
Investments	9	29,040	29,040
Current Assets			
Debtors	11	302,548	302,548
Cash at bank and in hand		732,734	732,094
		<u>1,035,282</u>	<u>1,034,642</u>
Creditors: amounts falling due within one year	12	<u>(196,133)</u>	<u>(197,326)</u>
Net Current Assets		<u>839,149</u>	<u>837,316</u>
Total Assets Less Current Liabilities		<u>868,189</u>	<u>866,356</u>
Capital and Reserves			
Called up share capital	13	118,541	118,541
Share premium	14	28,436	28,436
Profit and loss account	14	721,212	719,379
Shareholders' Funds	15	<u>868,189</u>	<u>866,356</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



K Crane
Director

21 DEC 2011

CONSOLIDATED CASHFLOW STATEMENT
for the year ended 31 March 2011

	<u>Note</u>	<u>2011</u> £	<u>2010</u> £
Net Cash (Outflow) from Operating Activities	19	(47,445)	(229,127)
Returns on Investments and Servicing of Finance	20	-	71
Taxation Paid	20	(26,099)	(204,002)
Capital Expenditure and Financial Investment	20	(466)	(796)
Dividends Paid	20	-	-
Cash (Outflow) Before Financing		<u>(74,010)</u>	<u>(433,854)</u>
Financing		<u>-</u>	<u>-</u>
(Decrease) in Cash in the Year	21	<u><u>(74,010)</u></u>	<u><u>(433,854)</u></u>

**Reconciliation of Net Cash Flow
To Movement in Net Funds**

(Decrease) in Cash in the Year		(74,010)	(433,854)
Net Funds at 1 April 2010		<u>1,886,697</u>	<u>2,320,551</u>
Net Funds at 31 March 2011	21	<u><u>1,812,687</u></u>	<u><u>1,886,697</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2011

1. Accounting Policies**Basis of Accounting**

The financial statements have been prepared in accordance with applicable accounting standards

Consolidation

The consolidated financial statements include the parent company and its subsidiaries. In accordance with the provision of Section 408 of the Companies Act 2006, a separate profit and loss account for Mala Investments Limited is not presented. The profits and losses of subsidiary undertakings are consolidated using the acquisition method.

Turnover

Consolidated turnover represents amounts receivable for work undertaken or goods delivered during the year. Turnover is stated net of Value Added Tax.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided to write off the cost of tangible fixed assets as follows:

Short leasehold properties	15% reducing balance
Plant and machinery	15% - 33% reducing balance
Computer equipment	25% straight line
Motor vehicles	25% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value.

The cost of stock is calculated on a first in first out basis.

Long Term Contract Work in Progress

Amounts recoverable on long term contracts, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are deducted from debtors.

Operating Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Pension Costs

The group operates two defined contribution pension schemes in respect of its employees. The assets of the schemes are held separately from those of the group. The pension cost charge represents the amount of the contributions payable to the schemes in respect of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2011

1 Accounting Policies (continued)

Deferred Taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

Investments

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in their value

2. Segmental Information

Consolidated turnover and results were derived wholly from activities within the UK

3 Operating (Loss)/Profit

	<u>2011</u>	<u>2010</u>
	£	£
Operating (loss)/profit is stated after charging		
Depreciation - owned assets	14,344	16,850
Auditors' remuneration - audit	-	-
Auditors' remuneration - non-audit	-	-
Operating lease rentals - equipment and vehicles	29,235	33,306
	<u> </u>	<u> </u>

As in previous years, the auditors' remuneration for the group was paid by a related company, Mala Engineering Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2011

4 Information on Directors and Employees

	<u>2011</u> £	<u>2010</u> £
Staff costs, including directors -		
Wages and salaries	848,113	963,338
Social security costs	76,346	84,761
Pension costs	2,906	3,428
	<u>927,365</u>	<u>1,051,527</u>
	<u>2011</u> No	<u>2010</u> No
The average monthly number of employees during the year was made up as follows. -		
Office and management	2	2
Sales and production	22	24
	<u>24</u>	<u>26</u>
	<u>2011</u> £	<u>2010</u> £
Directors' emoluments -		
Emoluments	-	-
Pension costs	-	-
	<u>-</u>	<u>-</u>
Highest paid director		
Emoluments	-	-
Pension costs	-	-
	<u>-</u>	<u>-</u>

As in previous years, the emoluments of the parent company directors were paid by a related company, Mala Engineering Limited, which charged the group for the provision of management and other services during the year

There are no directors for whom retirement benefits are accruing under money purchase pension schemes (2010 £nil) Pension contributions outstanding at the year- end amounted to £nil (2010 £nil)

The pension cost for the group amounted to £2,906 (2010 £3,428)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2011

5 Taxation

	<u>2011</u> £	<u>2010</u> £
UK corporation tax (credit)/charge	(8,896)	28,734
Prior period tax	(2,635)	-
	<u>(11,531)</u>	<u>28,734</u>

Factors affecting tax (credit)/charge for the year

The tax (credit)/assessed for the year is lower than (2010 higher than) the standard rate of corporation tax in the UK of 21% (2010 21%) The differences are explained below

	<u>2011</u> £	<u>2010</u> £
(Loss)/Profit on ordinary activities before tax	(68,440)	110,883

(Loss)/Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 21% (2010 21%)	(14,372)	23,285
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Effects of

Expenses not deductible for tax purposes	2,585	1,492
Capital allowances for the year in excess of depreciation	1,263	1,307
Tax losses carried back	-	2,621
Other adjustments	142	29
Unutilised tax losses c/f	1,486	-

Current tax (credit)/charge for the year (see note above)	<u>(8,896)</u>	<u>28,734</u>
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Factors that may affect future tax charges

At the balance sheet date, there were no factors which would materially affect future tax charges

6 Dividends

No dividends were declared or paid during the year (2010 £nil)

7 Profit of the Parent Company

The parent company's profit for the financial year after taxation was £1,833 (2010 £4,488)

The company has taken advantage of the exemption conferred by Section 408 of the Companies Act 2006, in not publishing its own profit and loss account

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2011

8. Tangible Fixed Assets

GROUP

	<u>Land and buildings</u> £	<u>Plant and machinery</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
Cost				
At 1 April 2010	40,067	321,924	22,360	384,351
Additions	-	466	-	466
Disposals	-	-	-	-
At 31 March 2011	<u>40,067</u>	<u>322,390</u>	<u>22,360</u>	<u>384,817</u>
Depreciation				
At 1 April 2010	37,742	250,122	15,315	303,179
Charge for the year	349	12,234	1,761	14,344
Eliminated on disposal	-	-	-	-
At 31 March 2011	<u>38,091</u>	<u>262,356</u>	<u>17,076</u>	<u>317,523</u>
Net book value				
At 31 March 2011	<u>1,976</u>	<u>60,034</u>	<u>5,284</u>	<u>67,294</u>
At 1 April 2010	<u>2,325</u>	<u>71,802</u>	<u>7,045</u>	<u>81,172</u>

The net book value of land and buildings is split as follows

	2011 £	2010 £
Freehold	-	-
Short leasehold	1,976	2,325
	<u>1,976</u>	<u>2,325</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2011

9 Fixed Asset Investments

COMPANY

Cost and Net Book Value

At 1 April 2010 and 31 March 2011

Subsidiary
Undertakings
£

29,040

Details of the investments in which the company holds 20% or more of the nominal value of any class of shares are as follows

<u>Company</u>	<u>Holdings and voting rights</u>	<u>Class of shares held</u>	<u>Country of incorporation</u>
Mala Electrical Limited	90%	Ordinary shares of £1 each	United Kingdom
Mala Mechanical Services Limited	100%	Ordinary shares of £1 each	United Kingdom
Mala Special Works Limited	100%	Ordinary shares of £1 each	United Kingdom
Mala Maintenance Limited	90%	Ordinary shares of £1 each	United Kingdom
Mala Designs Limited	100%	Ordinary shares of £1 each	United Kingdom
Mala Management Limited	80%	Ordinary shares of £1 each	United Kingdom

Mala Management Limited and Mala Designs Limited do not trade. All of the other companies trade in the installation, sale or maintenance of commercial air conditioning, refrigeration and heating equipment or provide services complementary to these trades.

10. Stock

	<u>2011 Group</u>	<u>2010 Group</u>
	£	£
Contract work in progress	133,423	87,129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2011

11. Debtors

	<u>2011</u>		<u>2010</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Trade debtors	2,554,859	-	2,425,745	-
Amounts owed by group undertakings	-	285,345	-	285,345
Other debtors	214,589	17,203	177,353	17,203
	<u>2,769,448</u>	<u>302,548</u>	<u>2,603,098</u>	<u>302,548</u>

Included within trade debtors are trade balances of £1,290,606 (2010 £1,098,978) owed by Mala Engineering Limited, a company in which K Crane, M A Crane and P Zumers are directors and shareholders

12. Creditors: amounts falling due within one year

	<u>2011</u>		<u>2010</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Bank loans and overdrafts	-	-	31,551	-
Trade creditors	1,909,193	-	1,057,395	-
Amounts due to group undertakings	-	60	-	60
Corporation tax	98,957	98,916	127,691	100,109
Other taxation and social security	81,418	-	176,785	-
Other creditors	54,578	2,778	598,665	2,778
Accruals and deferred income	107,149	94,379	109,094	94,379
	<u>2,251,295</u>	<u>196,133</u>	<u>2,101,181</u>	<u>197,326</u>

Included within trade creditors are trade balances of £434,425 (2010 £104,705) owed to Mala Engineering Limited, a company in which K Crane, M A Crane and P Zumers are directors and shareholders

13 Called up Share Capital

	<u>2011</u>	<u>2010</u>
	£	£
Allotted, called up and fully paid:		
119 Ordinary shares of £1 each	119	119
118,422 Preference shares of £1 each	118,422	118,422
	<u>118,541</u>	<u>118,541</u>

The preference shares are irredeemable and carry a dividend at a rate of 2% below the base rate of National Westminster Bank plc. The shares carry no voting rights and rank prior to the ordinary shares on winding up for the amounts paid up on preference shares together with any arrears of the fixed dividend calculated to the date of such repayment. As at 31 March 2011, the shareholders have waived their entitlement to the accumulated dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2011

14 Reserves

	<u>Profit and loss account</u> £	<u>Total</u> £
Group		
At 1 April 2010	2,362,029	2,362,029
(Loss) for the year	(48,229)	(48,229)
	<hr/>	<hr/>
At 31 March 2011	<u>2,313,800</u>	<u>2,313,800</u>

	<u>Share premium</u> £	<u>Profit and loss account</u> £	<u>Total</u> £
Company			
At 1 April 2010	28,436	719,379	747,815
Profit for the year	-	1,833	1,833
	<hr/>	<hr/>	<hr/>
At 31 March 2011	<u>28,436</u>	<u>721,212</u>	<u>749,648</u>

15 Reconciliation of Movements in Shareholders' Funds

	<u>2011</u>		<u>2010</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
(Loss)/Profit for the year after taxation	(48,229)	1,833	77,016	4,488
Dividends Paid	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net movement to shareholders' funds	(48,229)	1,833	77,016	4,488
Opening shareholders' funds	<u>2,480,570</u>	<u>866,356</u>	<u>2,403,554</u>	<u>861,868</u>
Closing shareholders' funds	<u>2,432,341</u>	<u>868,189</u>	<u>2,480,570</u>	<u>866,356</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2011

16. Capital Commitments

At the year end, the group had no significant capital commitments (2010 £nil)

17 Group Operating Lease Commitments

At the year end, the group was committed to making the following payments during the next year in respect of non-cancellable operating leases with expiry dates as follows

	<u>2011</u> £	<u>2010</u> £
Other		
Within one year	3,336	8,002
Within two and five years inclusive	13,135	25,304
After more than five years	12,764	-
	<u>29,235</u>	<u>33,306</u>

The above commitments are in respect of the hire of vehicles

18 Related Party Transactions

The group has taken advantage of the exemptions available under Financial Reporting Standard No 8, not to disclose any transactions or balances with entities that are 100% controlled by Mala Investments Limited

The group's ultimate controlling party is K Crane and M A Crane jointly

During the year, the group charged Mala Engineering Limited, a company in which K Crane, M A Crane and P Zumeris are directors and shareholders, rent of £13,332 (2010 £7,235)

Total group sales to Mala Engineering Limited during the year amounted to £1,763,954 (2010 £2,297,125)

During the year, total service charges payable to Mala Engineering Limited was £1,060,992 (2010 £1,198,638) These charges were in respect of management and other services provided to the group during the year

During the year, the group was charged rent of £10,000 (2010 £nil) by the Mala Directors' Pension Fund At the year end, the group owed the Pension Fund £77,778 (2010 £77,778)

At the year end, the net amount owed by Mala Engineering Limited to the group was £913,457 (2010 £584,451)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2011

19 Reconciliation of Operating (Loss)/Profit to Net Cash (Outflow) from Operating Activities

	<u>2011</u> £	<u>2010</u> £
Operating (loss)/profit	(68,440)	110,812
Depreciation charges	14,344	16,850
Increase in stocks	(46,294)	(18,608)
Increase in debtors	(157,454)	(253,852)
Increase/(Decrease) in creditors	210,399	(84,329)
Net cash (outflow) from operating activities	<u>(47,445)</u>	<u>(229,127)</u>

20. Analysis of Cash Flows for Headings Included in the Cash Flow Statement

	<u>2011</u> £	<u>2010</u> £
Returns on investments and servicing of finance		
Bank and other interest received	-	71
Taxation		
UK corporation tax paid	(26,099)	(204,002)
Capital Expenditure and Financial Investment		
Payments to acquire fixed assets	(466)	(796)
Dividends paid during the year	-	-

21 Analysis of Changes in Net Funds

	At 1 April <u>2010</u> £	<u>Cashflow</u> £	At 31 March <u>2011</u> £
Cash at bank and in hand	1,918,248	(105,561)	1,812,687
Bank overdraft	(31,551)	31,551	-
	<u>1,886,697</u>	<u>(74,010)</u>	<u>1,812,687</u>